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24 July 1963

**MEMORANDUM FOR: Deputy Director of Central Intelligence**

**SUBJECT: Revision of our Legislative Proposal**

1. This memorandum is for information.

2. We have eliminated Title I of our original proposal in toto except to transfer the provision to make disability annuities tax free to the new proposed bill as subsection (f) of section 231. The new proposed bill is a separate bill for the establishment and maintenance of the Central Intelligence Agency retirement and disability system instead of an amendment to the Central Intelligence Agency Act of 1949, as amended. In section 2 we have put in definitions of the Director and the Agency. In section 203 we have added language to provide that any employee who at the end of fifteen years of service with the Agency is deemed to qualify for the Agency retirement system shall continue to qualify regardless of the nature of any subsequent service with the Agency and that the determinations of the Director in this regard will not be subject to appeal. In section 231 on page 9 we have added the words "incurred in the line of duty" to the disability provision. This was stipulated by the Ways and Means Committee staff as part of the tax free provision. As noted above, section 231(f) is added on page 14 to handle the tax aspect of the disability annuity. Section 233 on page 17, dealing with voluntary retirement, adds the requirement that the applicant must have not less than five years of service with the Agency. Section 234(c), page 13, having to do with involuntary retirement in grade GS-14 and above, also provides that they will not receive retirement benefits unless the individual has not less than five years of service with the Agency. The remaining provisions have no additions, deletions, or changes. We, therefore, are offering legislation addressed solely to the retirement system with provisos which we believe meet the points raised by the congressmen during the hearings.

Attachment

LAWRENCE R. HOUSTON  
General Counsel